



## ITALY BEST PROSPECT INDUSTRY SECTOR PROFILE

Sector Name: **COMPUTERS AND PERIPHERALS**

ITA Industry Code: CPT

In 2002 the computer and peripherals sector continued to feel the effects of the international economic recession, and its real growth rate registered a sharp decrease of 13.5 percent in European currency, totaling sales of \$ 5.1 billion. In spite of these gloomy results, in certain market segments the computer and peripherals sector is forecast to remain one of the best prospects for U.S. exports to Italy over the next three years.

In 2002 most small and many medium-sized Italian companies decided to postpone their new technological investment and replacement of computer hardware. The consumer segment, after exceptional PC purchases in 2000 to connect to the internet, suffered dramatically reduced demand due to occupational uncertainties and income reduction worries. Larger companies kept consolidating and rationalizing their existing infrastructure, now paying greater attention to return on investment and total cost of ownership. Nonetheless, they made significant investments in mainframes, which grew 4.8 percent in value and 51.8 percent in terms of MIPS.

The number of personal computers installed in Italy reached over 13 million units, with a penetration rate of approximately 22 PCs for every 100 inhabitants, still comparatively much fewer than the situation in the larger European economies. The PC segment decreased both in quantity of sales (-4.2 percent) and value of units sold (-10 percent), due to strong competitive prices pressure. Notebooks, however, grew 12.6 in quantity.

The Italian IT market is far from being mature and the IT potential remains very high. As economic conditions improve, demand is expected to be stimulated and the market is expected to recover. In particular, sales of notebooks, mainframes, PC servers, higher performance midrange servers, and storage solutions are projected to pick up.

U.S. technology and standards are highly regarded. The best opportunities for success lie with American companies offering innovative and sophisticated products, and who are willing to team up with well-established Italian firms for distribution or joint venture agreements.

### DATA TABLE:

(USD Millions)	2001 (actual)	2002 (actual)	2003 (estimated)
Total Market Size	5,600	5,110	5,910
Total Local Production	4,575	4,030	4,785
Total Exports	2,950	2,600	3,075
Total Imports	3,975	3,680	4,200
Imports from the U.S.	1,985	1,795	2,070
Exchange rate \$1= euro	1.117	1.057	0.877

**The above statistics are unofficial estimates.**